

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF BLUE GRASS)	
MANAGEMENT GROUP, INC. TO TRANSFER)	
51 PERCENT INTEREST OF TMC OF LEXINGTON)	CASE NO.
TO JTC COMMUNICATIONS CORPORATION (NOW)	89-038
J.T. CARNEAL), AND FOR AUTHORIZATION TO)	
PROVIDE RESALE OF TELECOMMUNICATIONS)	
SERVICES)	

O R D E R

On February 27, 1989, Bluegrass Management Group, Inc. ("Bluegrass Management") filed an application, pursuant to KRS 278.020 requesting approval of a transaction ("the Proposed Transaction") that will result in a change of ownership and control of TMC of Lexington, a Kentucky joint venture ("TMC Lexington"). This Order grants the approval requested by Bluegrass Management. TMC Lexington and J. T. Carneal ("Carneal"), an individual involved in the Proposed Transaction, petitioned for confidentiality of financial information filed in this matter. This Order holds in abeyance that petition. Inasmuch as TMC Lexington already has approval from this Commission for the resale of wide-area telecommunication services within the Commonwealth of Kentucky, the application of TMC Lexington for a Certificate of Public Convenience and

Necessity was unnecessary. This order does not grant that approval as approval has been granted previously in Case No. 8792.¹

THE PROPOSED TRANSACTION

On October 8, 1986, Bluegrass Management sold to JTC Communications Corporation ("JTC") 51 percent interest in TMC Lexington. JTC has been dissolved and Carneal, who owns 100 percent of JTC will, in fact, hold the 51 percent interest in TMC Lexington. The remaining 49 percent interest in TMC Lexington will be retained by Telamarketing Communications of Central Kentucky, a Kentucky limited partnership. The Purchase and Sale Agreement by and between Bluegrass Management and JTC, now Carneal, has been filed as Exhibit C to the application of Bluegrass Management for approval of the Proposed Transaction. The assignment of JTC's interest to Carneal has been filed as Exhibit B to that application. The application for the Proposed Transaction also contained in Exhibit D thereto certain financial information of Carneal and TMC Lexington.

JTC and Carneal both have experience in offering telecommunication services within the Commonwealth. TMC Lexington under the Proposed Transaction will continue to provide the same services, to-wit: the resale of intrastate wide-area telecommunications services obtained from existing regulated telephone

¹ Case No. 8792, Application of Telamarketing Communications, Inc., for Certificate of Public Convenience and Necessity to Provide Resale of Telecommunication Services and Facilities Within Kentucky. (Order entered November 9, 1983.)

utilities which operate in Kentucky. It does not appear that there will be any adverse effect on TMC Lexington's customers.

APPLICABLE LAW

KRS 278.020(4) and (5) require the Commission's approval of the acquisition or transfer of ownership or control of a utility. The Proposed Transaction vests in Carneal the majority interest in TMC Lexington, thus constituting a change in control within the meaning of KRS 278.020(4) and (5). Therefore, that statute governs the Proposed Transaction.

It is the opinion of the Commission that approval of the Proposed Transaction should be granted because the change of control will not result in any detriment to the customers of TMC Lexington. Additionally, with the experience of Carneal, TMC Lexington will maintain the financial, technical, and managerial abilities to provide reasonable services.

With regard to the requested confidential treatment of certain financial information filed with the Proposed Transaction, the requirements of 807 KAR 5:001, Section 7, have not been met. No reasons are given why such information should be treated confidentially. The Commission will allow 10 days for the filing of a petition for confidentiality in conformity with the regulations and will, then, consider the merits of granting or denying confidential treatment.

The Commission, therefore, finds that the proposed acquisition of control of TMC Lexington, as described in the application of Bluegrass Management, for the Proposed Transaction, is consistent with the requirements of KRS 278.020(4) and (5) and

should be approved. Also, the Commission finds that the application for confidential treatment of certain financial information contained in Exhibit D of the aforesaid application does not meet the requirements of 807 KAR 5:001, Section 7.

IT IS THEREFORE ORDERED that:

1. The Proposed Transaction be and it hereby is approved.
2. TMC Lexington's rates in the proposed tariff are hereby approved for services rendered on and after the date of this Order. Within 30 days of the date of this Order, TMC Lexington shall file its tariff setting out the rates approved herein.
3. The petition by TMC Lexington and Carneal for confidential protection of the information filed in Exhibit D of the application for the Proposed Transaction shall be held in abeyance to allow TMC Lexington and Carneal to supplement their petition with a statement specifying the reasons for believing that disclosure of the information sought to be protected will harm them.
4. If such statement is not filed within 10 days of the date of this Order, the petition for confidentiality shall, without further orders herein, be denied.

Done at Frankfort, Kentucky, this 28th day of June, 1989.

ATTEST:

Executive Director

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner